

Our pursuit of necessary technological advances may require substantial time and expense.

We may be required to pay patent licensing fees, which will divert funds which could be used for other purposes

From time to time, we receive requests to consider licensing certain patents held by third parties that may have bearing on our interactive voice response, other enhanced, or data services. Should we be required to pay license fees in the future, such payments, if substantial, could have a material adverse effect on our results of operations.

Our company and industry are highly regulated, imposing substantial compliance costs and restricting our ability to compete in our target markets

We are subject to varying degrees of federal, state and local regulation. This regulation imposes substantial compliance costs on us. It also restricts our ability to compete. For example, in each state in which we desire to offer our services, we are required to obtain authorization from the appropriate state commission. We cannot assure you that we will receive authorization for markets or services to be launched in the future. For further discussion regarding regulatory matters and risks related thereto, see "Business — Regulatory Overview".

The requirement that we obtain permits and rights-of-way increases our cost of doing business

In order for us to acquire and develop our fiber networks, we must obtain local franchises and other permits, as well as rights-of-way and fiber capacity from entities such as incumbent carriers and other utilities, railroads, long distance companies, state highway authorities, local governments and transit authorities. You should be aware that the process of obtaining these permits and rights-of-way increases our cost of doing business.

We cannot assure you that we will be able to maintain our existing franchises, permits and rights-of-way that we need to implement our business. Nor can we assure you that we will be able to obtain and maintain the other franchises, permits and rights that we require. A sustained and material failure to obtain or maintain these rights could materially adversely affect our business in the affected metropolitan area.

Risks Related to Growth, Development of Data Services and the Concentric Acquisition

Continued rapid growth of our network, services and subscribers could be slowed if we cannot manage this growth

We have rapidly expanded and developed our network, services and subscribers, and expect to continue to do so. This has placed and will continue to place significant demands on our management, operational and financial systems and procedures and controls. We may not be able to manage our anticipated growth effectively, which would harm our business, results of operations and financial condition. Further expansion and development will depend on a number of factors, including:

- technological developments;
- our ability to hire, train and retain qualified personnel in a competitive labor market;
- availability of rights-of-way, building access and antenna sites;
- development of customer billing, order processing and network management systems that are capable of serving our growing customer base;
- cooperation of the existing local telephone companies;
- regulatory and governmental developments; and
- existence of strategic alliances or relationships.

We will need to continue to improve our operational and financial systems and our procedures and controls as we grow. We must also develop, train and manage our employees.

Our ability to succeed in the data services market is uncertain

Our ability to succeed in the data services market depends to a large extent on our ability to build a tailored, value-added network services business. Our ability to do so is subject to the following risks:

- the data services markets are relatively new, and current and future competitors are likely to introduce competing services or products which may result in market saturation;
- certain critical issues concerning commercial use of tailored, value-added services and Internet services, including, among others, security, reliability, ease and cost of access, and quality of service, remain unresolved and may impact the growth of such services;
- the market for data services may fail to grow or grow more slowly than anticipated;
- reliability, quality or compatibility problems with new enterprise service offerings which we may introduce could significantly delay or hinder market acceptance and could divert technical and other resources;
- our inability to obtain sufficient quantities of sole- or limited-source components required to provide data services or to develop alternative sources, if required, could result in delays and increased costs in expanding, and overburdening of, our network infrastructure;
- suppliers may not provide us with products or components that comply with Internet standards or that inter-operate with other products or components used in our network infrastructure;
- capacity constraints that adversely affect the system performance if demand for data services were to increase faster than projected or were to exceed current forecasts;
- our ability to respond to changing customer requirements or evolving industry trends;
- the failure of any link in the delivery chain, including the networks with which we may establish public or private peering arrangements or private transit;
- the market for tailored value-added network services is extremely competitive, and we expect that competition will intensify in the future;
- increased price and other competition due to Internet industry consolidation;
- interruptions in service due to a natural disaster, such as an earthquake, or other unanticipated problem; and
- liability for information disseminated through our network.

If the Concentric acquisition closes, we could face these risks sooner, and the magnitude of such risks could be greater, than if we fully implemented our data services strategy organically.

The Concentric acquisition remains subject to Concentric stockholder approval and other conditions

If Concentric stockholders fail to approve our proposed acquisition, or if that transaction fails to close for any other reason, our data strategy will likely take longer than if we combined with Concentric and our entry into the data services and web hosting business will be delayed. As a consequence, our business will not expand as rapidly in this significant, rapidly growing area of the telecommunications market.

If the Concentric acquisition closes we will face challenges integrating our business with theirs, and difficulties in the integration process may prevent the benefits of the merger from being realized

The Concentric acquisition will be the largest acquisition we have made to date. As a result of the differing nature of Concentric's and NEXTLINK's operations, it may be difficult to quickly integrate the

products, services, technologies, research and development activities, administration, sales and marketing and other operations of the two companies. Integration difficulties may disrupt the combined company's business and could prevent the achievement of the potential benefits of the merger. The difficulties, costs and delays involved in integrating Concentric and NEXTLINK, which could be substantial, may include:

- Distracting management and other key personnel, particularly sales and marketing personnel and senior engineers involved in network deployment, from the business of the combined company;
- Failure to integrate complex technology, product lines and development plans and the difficulty of maintaining uniform standards, controls, procedures and policies;
- Potential incompatibility of business cultures;
- Costs and delays in implementing common systems and procedures, particularly in integrating different information systems;
- Inability to retain and integrate key management, technical, sales and customer support personnel;
- Disruptions in the combined sales forces that may result in a loss of current customers or the inability to close sales with potential customers;
- The additional financial resources that may be needed to fund combined operations;
- Incorporating acquired technology or businesses into service offerings to maximize the combined company's financial and strategic position; and
- Impairment of relationships with employees and customers as a result of changes in management.

If we cannot quickly and efficiently integrate Concentric's personnel, products and services with our own following the closing, we will not enjoy the full benefits we anticipate from the transaction. Concentric officers and employees have valuable knowledge of the data services and web hosting business that would be difficult to replace if we do not retain the services of a substantial portion of them.

We face risks associated with international expansion

We have begun to expand into Canadian markets, and through the Concentric acquisition we would acquire a subsidiary in the United Kingdom. We may in the future expand into other international markets, either through acquisition of businesses or assets, organic development, or a combination thereof. The following risks are inherent in doing business on an international level:

- unexpected changes in regulatory requirements;
- export restrictions;
- export controls relating to encryption technology;
- tariffs and other trade barriers;
- difficulties in staffing and managing foreign operations;
- longer payment cycles;
- problems in collecting accounts receivable;
- political instability;
- fluctuations in currency exchange rates;
- seasonal reductions in business activity during the summer months in Europe and certain other parts of the world; and
- potentially adverse tax consequences that could adversely impact the success of our international operations.

We cannot assure you that one or more of such factors will not have a material adverse effect on our future international operations.

Other Risks

Craig O. McCaw, who controls approximately 55% of the voting power of NEXTLINK, may have interests which are adverse to your interests

Craig O. McCaw, primarily through his majority ownership and control of Eagle River Investments, L.L.C., currently controls approximately 55% of NEXTLINK's total voting power, and holds proxies that are likely to continue to assure that Mr. McCaw will hold a majority of that voting power. Because Mr. McCaw has the ability to control the direction and future operations of NEXTLINK and has interests in other companies that may compete with NEXTLINK, he may make decisions which are adverse to your interests and the interests of other NEXTLINK security holders.

Mr. McCaw effectively controls a decision whether a change of control of NEXTLINK will occur. Moreover, Delaware corporate law could make it more difficult for a third party to acquire control of us, even if a change of control could be beneficial to you.

We do not plan on paying any dividends on our common stock

We do not anticipate paying any dividends for the foreseeable future. Our credit facility and the indentures governing our senior notes restrict our ability to pay cash dividends.

Forward-Looking Statements

Our forward-looking statements are subject to a variety of factors that could cause actual results to differ significantly from current beliefs

Some statements and information contained in this report are not historical facts, but are "forward-looking statements", as such term is defined in the Private Securities Litigation Reform Act of 1995. These forward-looking statements can be identified by the use of forward-looking terminology such as "believes," "expects," "plans," "may," "will," "would," "could," "should," or "anticipates" or the negative of these words or other variations of these words or other comparable words, or by discussions of strategy that involve risks and uncertainties. Such forward-looking statements include, but are not limited to, statements regarding:

- market development, the number of markets we expect to serve, and the expected number of addressable business lines in such markets;
- network development, including those with respect to IP and ATM network and facilities development and deployment, broadband fixed wireless technology, testing and installation, high speed technologies such as DSL, and matters relevant to our national network;
- liquidity and financial resources, including anticipated capital expenditures, funding of capital expenditures and anticipated levels of indebtedness; and
- statements with respect to the Concentric acquisition and its effects.

All such forward-looking statements are qualified by the inherent risks and uncertainties surrounding expectations generally, and also may materially differ from our actual experience involving any one or more of these matters and subject areas. The operation and results of our business also may be subject to the effect of other risks and uncertainties in addition to the relevant qualifying factors identified in the above "Risk Factors" section and elsewhere in this report, including, but not limited to:

- general economic conditions in the geographic areas that we are targeting for communications services;
- the ability to achieve and maintain market penetration and average per access line revenue levels sufficient to provide financial viability to our business;
- access to sufficient debt or equity capital to meet our operating and financing needs;
- the quality and price of similar or comparable communications services offered or to be offered by our competitors; and
- future telecommunications-related legislation or regulatory actions.

NEXTLINK Capital, Inc.

NEXTLINK Capital, Inc. is a Washington corporation and a wholly-owned subsidiary of NEXTLINK Communications. NEXTLINK Capital was formed for the sole purpose of obtaining financing from external sources when NEXTLINK Communications was a limited liability company. It is a joint obligor with NEXTLINK Communications on the 12½% Senior Notes due 2006. NEXTLINK Capital has had no operations to date.

Item 2. *Properties*

We own or lease, in our operating territories, telephone property which includes: fiber optic backbone and distribution network facilities; point-to-point distribution capacity; central office switching equipment; connecting lines between customers' premises and the central offices; and customer premise equipment. Our central office switching equipment includes electronic switches and peripheral equipment.

The fiber optic backbone and distribution network and connecting lines include aerial and underground cable, conduit, and poles and wires. These facilities are located on public streets and highways or on privately-owned land. We have permission to use these lands pursuant to consent or lease, permit, easement, or other agreements.

We, and our subsidiaries, lease facilities for our and their administrative and sales offices, central switching offices network nodes and warehouse space. The various leases expire in years ranging from 2000 to 2008. Most have renewal options.

We recently relocated our headquarters to McLean, Virginia, where we are currently leasing 9,500 square feet of office space on an interim basis. We have entered into a lease for approximately 212,000 square feet of space located in Reston, Virginia, which will serve as our permanent headquarters beginning in the third quarter of 2000. We still maintain some operation in the 45,000 square feet in Bellevue, Washington, leased for our former headquarters. Additional office space and equipment rooms will be leased as the Company's operations and networks are expanded and as new networks are constructed.

Item 3. *Legal Proceedings*

We are not currently a party to any legal proceedings, other than regulatory and other proceedings that are in the normal course of its business.

Item 4. *Submission of Matters to a Vote of Security Holders*

No matters were submitted to a vote of security holders during the quarter ended December 31, 1999.

Effective October 19, 1999, our Board of Directors approved amendments to the NEXTLINK Communications, Inc. Stock Option Plan to authorize an additional 5,000,000 shares of our Class A common stock to be issued under the plan, increasing the maximum number of shares authorized for issuance under the plan to 41,000,000, adjusted for NEXTLINK's 100% stock dividend paid in August 1999. The amendment also provided that the maximum number of shares of Class A stock with respect to which options may be granted to any individual in any calendar year is limited to the maximum number of shares authorized under the plan. These amendments also were approved by one of our stockholders, Eagle River, which, as of October 19, 1999, held 37,743,574 shares of our Class B common stock, representing shares with a majority of the total number of votes attributable to all shares of outstanding common stock. Our common stock is the only outstanding class of capital stock of NEXTLINK entitled to vote on this matter. Eagle River approved the Board's action by a written consent in lieu of stockholder meetings dated October 19, 1999, pursuant to Section 228(a) of the Delaware General Corporation Law. Because we are a corporation organized under the laws of the State of Delaware, our stockholders may take action by written consent without a meeting. The Board did not solicit any proxies or consents from any other stockholders in connection with this action. The amendments became effective on or about December 12, 1999, 20 days after the date on which we mailed the information statement to stockholders of NEXTLINK in accordance with rules of the Securities and Exchange Commission.

Executive Officers of the Registrant

The following table sets forth the names, ages and positions of NEXTLINK's executive officers. Their respective backgrounds are described following the table.

Name	Age	Title
Daniel F. Akerson	51	Chairman, Chief Executive Officer
Nathaniel A. Davis	46	President and Chief Operating Officer
Steven W. Hooper	47	Executive Vice President
Wayne M. Perry	50	Executive Vice President
Gary D. Begeman	41	Senior Vice President, General Counsel and Secretary
Doug L. Carter	49	Senior Vice President, Chief Technology Officer
Nancy B. Gofus	46	Senior Vice President, Chief Marketing Officer
Mark S. Gunning	43	Senior Vice President, Chief Financial Officer
Charles W. Sackley	46	Senior Vice President, National Accounts Sales and Marketing
R. Gerard Salemm	46	Senior Vice President, Regulatory and Legislative Affairs
Scott G. Macleod	37	Vice President, Chief Corporate Development Officer
Dennis O'Connell	40	President, North Region
Michael Ruley	40	President, West Region

Daniel F. Akerson. Mr. Akerson has served as our Chairman of the Board of Directors and Chief Executive Officer since joining NEXTLINK in September 1999. Since March 1996, he has been the Chairman of the Board of Directors of Nextel Communications, Inc. From March 1996 to July 1999, he was Chief Executive Officer of Nextel. From 1993 until March 1996, Mr. Akerson served as a general partner of Forstmann Little & Co., a private investment firm. While serving as a general partner of Forstmann Little, Mr. Akerson also held the positions of Chairman of the Board and Chief Executive Officer of General Instrument Corporation, a technology company acquired by Forstmann Little. From 1983 to 1993, Mr. Akerson held various senior management positions with MCI Communications Corporation, including president and chief operating officer. In addition, Mr. Akerson is a member of Eagle River and he currently serves as a director of the American Express Company, America OnLine, Inc., and Nextel International, Inc., a substantially wholly owned subsidiary of Nextel.

Nathaniel A. Davis. Mr. Davis has served as our President and Chief Operating Officer since joining NEXTLINK in January 2000. In February 2000, he was elected to serve on our Board of Directors. From October 1998 to January 2000, Mr. Davis served as Vice President of Technical Services for Nextel. From November 1996 to September 1998, Mr. Davis was Chief Financial Officer of U.S. Operations at MCI. From January 1994 to October 1996, he was Chief Operating Officer of MCImetro, a subsidiary of MCI. From July 1992 to December 1993, Mr. Davis was Senior Vice President of Access Services for MCI. Mr. Davis currently serves as a director of Mutual of America Capital Management Corporation and XM Satellite Radio, Inc.

Steven W. Hooper. Mr. Hooper has been an Executive Vice President of NEXTLINK since February 2000. From September 1999 to February 2000, he was our Vice Chairman — Strategic Development and served as a member of our Board of Directors. From March 1999 to September 1999, Mr. Hooper was our Chief Executive Officer. From July 1997 to September 1999, he was our Chairman of the Board of Directors. From January 1998 to July 1999, he was Co-Chief Executive Officer with Craig O. McCaw of Teledesic Corporation, a satellite telecommunications company. From January 1995 to June 1997, Mr. Hooper was President and Chief Executive Officer of AT&T Wireless Services, Inc. From January 1993 to January 1995, he served as Chief Financial Officer of AT&T Wireless Services.

Wayne M. Perry. Mr. Perry has been an Executive Vice President of NEXTLINK since February 2000. From June 1997 to February 2000, he was a Vice Chairman of NEXTLINK. From July 1997 to March 1999, Mr. Perry was Chief Executive Officer of NEXTLINK. From September 1994 to July 1997, he was a Vice Chairman of AT&T Wireless Services, Inc. From December 1985 to June 1989, served as President McCaw Cellular and, from June 1989 to September 1994, he served as Vice Chairman of the Board of McCaw Cellular.

Gary D. Begeman. Mr. Begeman has served as our Senior Vice President, General Counsel and Secretary since November 1999. From May 1997 to November 1999, he was Deputy General Counsel of Nextel, and from August 1999 to November 1999, he also was a Vice President of Nextel. From January 1992 to May 1997, Mr. Begeman was a partner of the law firm Jones, Day, Reavis & Pogue, specializing in corporate and securities law and mergers and acquisitions.

Doug L. Carter. Mr. Carter has served as our Senior Vice President, Chief Technology Officer since May 1999. From July 1998 to May 1999, he was our Senior Vice President, Technology. From February 1998 to November 1998, Mr. Carter also was the Vice President, Technology of Teledesic. From June 1996 to January 1998, he was Senior Vice President, Network Operations of AT&T Wireless Services and from June 1995 to May 1996, he was AT&T Wireless' Vice President, Network Operations. From January 1987 to May 1995, Mr. Carter was Director, Technology of McCaw Cellular.

Nancy B. Gofus. Ms. Gofus has served as our Senior Vice President, Chief Marketing Officer since January 2000. From March 1999 to December 1999, she was the Chief Operating Officer of Concert Management Services, Inc., which previously was a wholly-owned subsidiary of British Telecom and is a global provider of managed telecommunications services. From March 1995 to March 1998, Ms. Gofus was Concert's Senior Vice President of Marketing.

Mark S. Gunning. Mr. Gunning has served as our Senior Vice President, Chief Financial Officer since March 2000. From August 1996 to November 1999, he was Chief Financial Officer of Primco Personal Communications, a wireless telecommunications company. From March 1988 to November 1999, Mr. Gunning held various positions in finance with Airtouch Communications, a wireless telecommunications company, which owned 50% of Primco, including Vice President from 1996 to 1999.

Charles W. Sackley. Mr. Sackley has served as our Senior Vice President, National Accounts Sales and Marketing since February 2000. From May 1999 to February 2000, he was Senior Vice President, Sales and Marketing for Wireless Facilities, Inc. and, from February 1998 to May 1999, he was Wireless Facilities' Vice President, Sales and Business Development. From May 1997 to January 1998, Mr. Sackley was Executive Director of Marketing - Americas for Broadband Networks, Inc. From 1995 to 1997, he was Senior Director - Intelligent Network Operations of the Cellular Infrastructure Group of Motorola Inc. and, from 1993 to 1995, he was the Cellular Infrastructure Group's Director - Switching and Intelligent Network Operations.

R. Gerard Salemmme. Mr. Salemmme has served as our Senior Vice President, Regulatory and Legislative Affairs since January 2000. From March 1998 to January 2000, he served as our Senior Vice President, External Affairs and Industry Relations. From July 1997 to March 1998, he was our Vice President, External Affairs and Industry Relations. From December 1994 to July 1997, Mr. Salemmme was Vice President, Government Affairs at AT&T Corp. From 1991 to 1994, Mr. Salemmme was Senior Vice President, External Affairs at McCaw Cellular.

Scott G. Macleod. Mr. Macleod has been our Vice President, Chief Corporate Development Officer since May, 1999. From January 1992 to May 1999, he was an investment banker with Merrill Lynch & Co., in its telecommunications group. While Mr. Macleod was with Merrill Lynch, he was a Vice President from 1993 to 1995, a director in 1996, and a managing director from 1997 to May 1999.

Dennis O'Connell. Mr. O'Connell has been our President, North Region since January 2000. From April 1998 to January 2000, he was the President of our Northeast Region and, from June 1999 to January 2000, he was also our President, North American Operations. From June 1995 to March 1998, Mr. O'Connell was President of the Northeast Region for AT&T Wireless. From January 1992 to May 1995, Mr. O'Connell was the New York Vice President of Operations for AT&T Wireless.

Michael S. Ruley. Mr. Ruley has been our President, West Region since June 1999. From April 1998 to June 1999, he was the President of our Southwest Region. Mr. Ruley has over 15 years of experience in the telecommunications field. From June 1996 to April 1998, Mr. Ruley held various positions at TCG, including Regional Vice President of the Pacific Bell Territory and Vice President and General Manager of both the San Francisco and Colorado markets. From March 1993 to June 1996, Mr. Ruley was the Director of New Business Development for BPI Communications, a Colorado based telecommunications and technology company. Mr. Ruley has also managed District Sales for Librex Computer Express in Colorado; and was Vice-President of Sales and Marketing for Integrated Management Systems of Denver, Colorado.

PART II

Item 5. *Market for Registrants' Common Stock and Related Stockholder Matters*

Market Information

NEXTLINK's Class A common stock is traded on the NASDAQ National Market under the symbol "NXLK". The following table shows, for the periods indicated, the high and low bid prices for our Class A common stock as reported by the NASDAQ National Market tier of The NASDAQ Stock Market. The prices below have been adjusted for the two-for-one stock split effected August 27, 1999.

	1999		1998	
	High	Low	High	Low
<i>First Quarter</i>	\$31.44	\$13.00	\$18.44	\$10.60
<i>Second Quarter</i>	\$43.38	\$26.63	\$18.91	\$12.94
<i>Third Quarter</i>	\$56.88	\$38.00	\$20.37	\$10.32
<i>Fourth Quarter</i>	\$91.31	\$49.81	\$16.75	\$ 5.50

There is no public trading market for our Class B common stock or NEXTLINK Capital's common equity. NEXTLINK Capital is a wholly owned subsidiary of ours, formed for the sole purpose of obtaining financing from external sources.

As of March 15, 2000, the approximate number of shareholders of our Class A and Class B common stock was approximately 44,000 and nine, respectively. NEXTLINK is the sole holder of record of NEXTLINK Capital's common stock.

Use of Proceeds

The initial public offering (IPO) of our Class A common stock took place in October 1997 (File No. 333-32001). The net proceeds we received from the offering totaled approximately \$226.8 million. As of December 31, 1999, proceeds from the IPO remain available for future network build out and working capital requirements. We have raised additional funding from debt and additional equity offerings in 1998 and 1999. The proceeds from these recent offerings have been applied first in funding the expansion of our network and other working capital requirements.

Dividends

Neither we nor NEXTLINK Capital have declared a cash dividend on any of our respective common stock. Covenants in our credit facility and the indentures pursuant to which our and NEXTLINK Capital's Senior Notes have been issued restrict our ability to pay cash dividends on our capital stock.

Sales of Unregistered Securities

On November 17, 1999, we completed the issuance and sale in a private placement transaction of \$400.0 million of 10½% Senior Notes due 2009 and \$455.0 million in principal amount at stated maturity of 12⅞% Senior Discount Notes due 2009. The Senior Notes were sold at 100% of their principal amount,

yielding \$400.0 million in gross proceeds. The Senior Discount Notes were sold at 55.257% of their principal amount at maturity, yielding gross proceeds of approximately \$251.4 million. Goldman, Sachs & Co., Salomon Smith Barney Inc., Credit Suisse First Boston Corporation, TD Securities (USA) Inc., Barclays Capital Inc., Chase Securities Inc., Banc of America Securities LLC, BancBoston Robertson Stephens Inc., Deutsche Bank Securities Inc., J.P. Morgan Securities Inc. and PNC Capital Markets, Inc. acted as initial purchasers and received approximately \$11.6 million in fees in connection with the sale of the notes. The offer and sale of the notes was exempt from the registration requirements of the Securities Act of 1933, as amended, because each initial purchaser offered and sold the notes in the United States only to qualified institutional buyers in reliance on Rule 144A under the Securities Act and outside the United States only to non-U.S. persons in offshore transactions in reliance on Regulation S under the Securities Act.

Item 6. *Selected Financial Data*

	Year Ended December 31,				
	1999	1998	1997	1996	1995
	(In Thousands, Except per Share Data)				
Statement of Operations Data:					
Revenue	\$ 274,324	\$ 139,667	\$ 57,579	\$ 25,686	\$ 7,552
Loss from operations	(366,530)	(206,184)	(102,621)	(51,015)	(12,462)
Net loss	(558,692)	(278,340)	(129,004)	(71,101)	(12,731)
Net loss applicable to common shares	(627,881)	(337,113)	(168,324)	(71,101)	(12,731)
Net loss per share (1)	(5.02)	(3.13)	(1.96)	(0.91)	—
Statement of Cash Flow Data:					
Net cash used in operating activities	\$ (358,916)	\$ (174,484)	\$ (97,320)	\$ (40,563)	\$ (9,180)
Net cash used in investing activities	(1,040,620)	(1,276,747)	(470,195)	(227,012)	(35,417)
Net cash provided by financing activities	1,948,503	1,381,653	879,782	343,032	45,922
Other Data:					
EBITDA, as adjusted (2)	\$ (214,248)	\$ (140,937)	\$ (72,184)	\$ (30,761)	\$ (8,629)
Balance Sheet Data:					
Cash, cash equivalents and marketable securities ..	\$ 1,881,764	\$ 1,478,062	\$ 742,357	\$ 124,520	\$ 1,350
Property and equipment, net	1,180,021	594,408	253,653	97,784	29,664
Investment in fixed wireless licenses, net	933,128	67,352	—	—	—
Total assets	4,597,108	2,483,106	1,219,978	390,683	53,461
Long-term debt	3,733,342	2,013,192	750,000	350,000	—
Redeemable preferred stock, net of issuance costs	612,352	556,168	313,319	—	—
Total shareholders' equity (deficit)	(13,122)	(246,463)	71,285	(18,654)	36,719

- (1) The net loss per share data above has been adjusted for the stock splits effected in 1999 and in prior periods.
- (2) EBITDA represents net loss before interest expense, interest income, depreciation, amortization and deferred compensation expense, and has been adjusted to exclude the non-recurring restructuring charge recorded in the fourth quarter of 1999. EBITDA is commonly used to analyze companies on the basis of operating performance, leverage and liquidity. While EBITDA should not be construed as a substitute for operating income or a better measure of liquidity than cash flow from operating activities, which are determined in accordance with generally accepted accounting principles, it is included herein to provide additional information with respect to our ability to meet future debt service, capital expenditure and working capital requirements.

Item 7. *Management's Discussion and Analysis of Financial Condition and Results of Operations*

Forward-looking and Cautionary Statements

Some of the statements contained in this Management's Discussion and Analysis of Financial Condition and Results of Operations may be deemed to be forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements involve a number of risks, uncertainties and other factors that could cause actual results to differ materially, as discussed further elsewhere in this report and in our public filings with the Securities and Exchange Commission.

Overview

Since 1996, we have provided high-quality telecommunications services to the rapidly growing business market. We believe that increasing usage of both telephone service and newer data and information services will continue to increase demand for telecommunications capacity, or bandwidth, and for new telecommunications services and applications.

To serve our customers' expanding telecommunications needs, we have assembled a unique collection of high-bandwidth local and national network assets. We intend to integrate these assets with advanced communications technologies and services in order to become one of the nation's leading providers of a comprehensive array of communications services and applications.

To accomplish this:

- We have built 31 high-bandwidth or broadband local networks in 19 states, generally located in the central business districts of the cities we serve, and we continue to build additional networks;
- We have become the nation's largest holder of broadband fixed wireless spectrum with FCC licenses covering 95% of the population of the 30 largest U.S. cities, which we will use to extend the reach of our networks to additional customers; and
- We have acquired, through a joint venture known as INTERNEXT, rights to use unlit fiber optic strands, known as dark fiber, and an empty conduit in a national broadband network now being built to traverse over 16,000 miles and to connect more than 50 cities in the United States and Canada, including all of the largest cities that our current and planned local networks serve. By acquiring "dark" fiber rather than leasing "lit" fiber capacity, we have retained control over decisions on where and how to deploy existing or new generations of optical transmission equipment to enhance our network's capacity and performance.

We currently offer our customers a variety of voice services and high-speed Internet access. As our networks become increasingly optimized for data transmission and through our pending acquisition of Concentric Network Corporation (Concentric), we plan to expand our Internet access business and offer additional data services, such as Internet web hosting, support for e-commerce, virtual private network services and other customized data communications services.

In addition, through our NEXTLINK Interactive subsidiary, we currently provide a number of voice response, speech recognition, and e-commerce services. We plan to build on our existing expertise in customized information and automated order fulfillment to serve clients with e-commerce businesses, that is, businesses conducting high volume retail transactions over the Internet.

We currently operate 31 broadband local networks in 49 cities. We launched services in San Diego, Seattle and Washington D.C. during the first half of 1999, in Newark, Detroit and Houston during the third quarter of 1999, and, most recently, in Phoenix, Boston, St. Louis and Sacramento. We are currently building additional local networks, and plan to have operational networks in most of the 30 largest U.S. cities by the end of 2000.

Our goal is to provide customers with complete voice and data network solutions for all of their communications needs, using our own fiber, switches and other facilities to the greatest extent possible. To reduce reliance on the physical connection for the short distance between our customers and our fiber optic networks, which are, in most instances, leased from the dominant carrier, we intend to increase the number of customers connected directly to our networks. In some cases, using our fixed wireless spectrum, we will construct a new fiber optic extension from our network to the customer's premises. In other cases, we will deploy a high-bandwidth wireless connection between an antenna on the roof of the customer's premises and an antenna attached to our fiber rings. These fixed wireless connections offer high-quality broadband capacity and, in most cases, will cost less than fiber to install. In December 1999, we completed our first generation broadband wireless field testing and announced the availability of commercial services to a limited group of customers in Los Angeles and Dallas. We continue to evaluate vendors for participation in our planned commercial rollout of broadband wireless service in 25 markets scheduled for the end of 2000.

We are also deploying a technology called Digital Subscriber Line, or DSL, to meet the high bandwidth needs of those customers whose connection to our network remains over copper wire. DSL technology increases the effective capacity of existing copper telephone wires. We are installing our own DSL equipment to provide these services ourselves, and we also resell another provider's DSL services.

Our networks support a variety of communications technologies, which permit us to offer our customers a set of technology options to meet their changing needs, and introduce new technologies, as they become available. For example, we have begun to install Internet Protocol (IP) routers, which will enable us to carry Internet traffic more efficiently and to provide more data services. We also have been installing Asynchronous Transfer Mode (ATM) routers and switches in our local network, which will enable us to meet the demands of large, high volume customers.

We anticipate that future IP technologies will enable the high-bandwidth, end-to-end national network we are building to carry data, voice and video. Such a network should also enable us to offer our customers entirely new classes of IP services. To serve our customers' present needs and to take advantage of future opportunities that technological advances may bring, we intend to remain flexible with respect to technology choices.

The table provides selected key operational data:

	As of December 31,		
	1999	1998	'99-'98 % Change
Operating data (1):			
Route miles (2)	4,285	2,477	73.0%
Fiber miles (3)	378,200	195,531	93.4%
On-net buildings connected (4)	1,320	801	64.8%
Off-net buildings connected (5)	28,656	13,443	113.2%
Switches installed	32	21	52.4%
Access lines in service (6)	428,035	174,182	145.7%
Employees	3,500	2,299	52.2%

- (1) The operating data include 100% of the statistics of the Las Vegas network, which we manage and in which we have a 40% membership interest.
- (2) Route miles refer to the number of miles of the telecommunications path in which we own or lease the fiber optic cables that are installed.
- (3) Fiber miles refer to the number of route miles installed along a telecommunications path, multiplied by our estimate of the number of fibers along that path.
- (4) Represents buildings physically connected to our networks, excluding those connected by unbundled dominant local exchange carrier facilities.
- (5) Represents buildings connected to our networks through leased or unbundled dominant carrier facilities.
- (6) Represents the number of access lines in service, including those lines that are provided through resale of Centrex services, for which we are billing services. We serviced 1,463 resold access lines as of December 31, 1999. An access line is defined as a telephone connection between our facilities and a customer purchasing local telephone services. This connection does not include so-called access line equivalents (ALEs), and is a one-for-one relationship with no multipliers used for trunk ratios, except for those trunks over which we provide primary rate interface (PRI) service is provided, which are counted as 23 access lines.

Concentric Acquisition

In January 2000, we agreed to acquire Concentric, a provider of high-speed DSL, web hosting, e-commerce and other Internet services. As a combined company, we will be able to offer a complete, single

source communications solution to our customers by combining our voice and data products with the full array of products from Concentric's Internet business, data center, and application service provider (ASP) services.

In this transaction, both the Company and Concentric will merge into a newly-formed company, to be renamed NEXTLINK Communications, Inc., which will succeed to both companies' assets and businesses and will assume all of NEXTLINK's and Concentric's outstanding debt obligations and other liabilities. In the transaction, each outstanding share of our Class A common stock and Class B common stock would be converted into one share of Class A common stock or Class B common stock, as applicable, of the corporation surviving this merger, which stock will be substantially identical to our Class A and Class B common stock. In addition, each outstanding share of Concentric common stock would be converted into 0.495 of a share of Class A common stock of the surviving corporation, unless the trading price of our Class A common stock at the effective time is less than or equal to \$90.91, in which case each outstanding share would be converted into \$45.00 of Class A common stock of the surviving corporation (based on the trading price of our Class A common stock prior to the effective time). If at the effective time our average stock price is less than \$69.23, each outstanding share of Concentric common stock would convert into 0.650 of a share of the Class A common stock of the surviving corporation.

This transaction is intended to be tax-free to our shareholders and Concentric's shareholders and has been unanimously approved by both our and Concentric's boards of directors, but remains subject to approval by Concentric stockholders. Eagle River, the majority holder of our voting power, has agreed to approve the transaction. The parties have obtained the consent of Concentric's bond and preferred stock holders to certain amendments to those securities that are necessary to complete this transaction. The transaction is subject to customary closing conditions and is expected to close during the second quarter of 2000. The merger will be accounted for under the purchase method of accounting.

Results of Operations

Revenue grew 96% to \$274.3 million in 1999, from \$139.7 million in 1998. In 1998, revenue increased 143% to \$139.7 million from \$57.6 million in 1997. Revenue reported consisted of the following components (dollars in thousands):

	1999	1998	1999-1998 % Change	1997	1998-1997 % Change
Core services	\$217,052	\$ 76,654	183.2%	\$20,342	276.8%
Shared tenant services	13,805	12,781	8.0%	2,018	533.3%
Long distance telephone services	21,233	26,937	(21.2)%	16,478	63.5%
Enhanced services	22,234	23,295	(4.6)%	18,741	24.3%
Total revenue	<u>\$274,324</u>	<u>\$139,667</u>	96.4%	<u>\$57,579</u>	<u>142.6%</u>

Core services revenue, consisting of bundled local and long distance, as well as dedicated services, grew 183% to \$217.1 million from \$76.7 million in 1998. In 1998, core services revenue grew 277% from \$20.3 million in 1997. This revenue growth corresponded to an increase in customer access lines installed, which was driven by growth in our existing markets, as well as expansion into new markets. During 1999, access lines in service grew 146% to 428,035 as of December 31, 1999 from 174,182 at December 31, 1998. At December 31, 1997 access lines in service totaled 50,131. Our quarterly customer access line installation rate grew 97% to 78,881 in the fourth quarter of 1999 from 40,075 in the same quarter of 1998.

Through our NEXTLINK One subsidiary, we provide shared tenant services, including telecommunications management services, to groups of small and medium-sized businesses located in the same office building. This service enables businesses too small to justify hiring their own telecommunications managers to benefit from the efficiencies, including volume discounts, normally only available to larger enterprises. We acquired our NEXTLINK One subsidiary (formerly Start Technologies Corporation) in the fourth quarter of 1997; therefore, 1998 was the first full year of shared tenant services revenue recognized.

Revenue from our stand-alone long distance telephone services declined in 1999 from 1998, primarily due the conversion of those customers onto our local networks, as we began servicing those customers with our bundled local and long distance services. We expect this trend to continue in future periods both in absolute terms and as a percentage of revenue. In 1998, revenue from this source increased due to the acquisition of Chadwick Telecommunications Corporation, a switch-based long distance service reseller, in the fourth quarter of 1997.

Enhanced revenue consists primarily of interactive voice response (IVR) services provided by our NEXTLINK Interactive subsidiary. IVR is a platform that allows a consumer to dial into a computer-based system using a toll-free number and a touch-tone phone and access a variety of information by following a customized menu. Simultaneously, a profile of the caller is left behind for either our use or the use of our customer.

The table below provides expenses by classification and as a percentage of revenue:

	Expense Classification as a Percentage of Revenue (dollars in thousands)					
	1999		1998		1997	
	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue
Costs and expenses:						
Operating	\$221,664	80.8%	\$123,675	88.5%	\$54,031	93.8%
SG&A	266,908	97.3%	156,929	112.4%	75,732	131.5%
Restructuring	30,935	11.3%	—	—	—	—
Deferred compensation	12,872	4.7%	4,993	3.6%	3,247	5.6%
Depreciation	93,097	33.9%	45,638	32.7%	18,851	32.7%
Amortization	15,378	5.6%	14,616	10.5%	8,339	14.5%

Operating expenses consist of costs directly related to providing facilities-based network and enhanced communications services and also includes salaries, benefits and related costs of operations and engineering personnel. Operating expenses increased 79% in 1999 to \$221.7 million versus \$123.7 million in 1998. In 1998, operating expenses increased 129% from \$54.0 million in 1997. The increase in both years was attributable to increased network costs related to provisioning higher volumes of local, long distance and enhanced communications services, an increase in employees and an increase in other related costs primarily to expand our switched local and long distance service businesses in existing and planned markets. To a lesser extent, the acquisitions of Start and Chadwick in the fourth quarter of 1997 also contributed to the increase in operating costs in 1998 over those in 1997. We expect operating expenses to continue to increase in future periods in connection with our growth and expansion plans.

Selling, general and administrative (SG&A) expenses include salaries and related personnel costs, facilities expenses, sales and marketing, information systems costs, consulting and legal costs and equity in loss of affiliated companies. SG&A expenses increased 70% in 1999 to \$266.9 million from \$156.9 million in 1998. In 1998, SG&A increased 107% from \$75.7 million in 1997. Consistent with the cost drivers of our operating expenses, the increases in SG&A in both periods was primarily due to increases in employees and other costs associated with the expansion of our switched local and long distance service businesses in existing and planned markets.

In the fourth quarter of 1999, we recorded a \$30.9 million non-recurring restructuring charge for costs associated with relocating our Bellevue, Washington headquarters to Northern Virginia. Approximately \$28.0 million of the charge resulted from non-cash stock option compensation charges that arose from accelerated vesting on certain employee options associated with their severance.

Deferred compensation expense was recorded in connection with our Equity Option Plan until April 1997, and in connection with our Stock Option Plan, which replaced the Equity Option Plan, subsequent to April 1997. The stock options granted under the Equity Option Plan were considered compensatory. All options outstanding under the Equity Option Plan were re-granted under the Stock Option Plan with terms and conditions substantially the same as under the Equity Option Plan. As such, we continue to record

deferred compensation expense for those compensatory stock options issued and for compensatory stock options issued subsequent to the Stock Option Plan inception date. Compensation expense is recognized over the vesting periods of the options based on the excess of the fair value of the stock options at the date of grant over the exercise price.

Depreciation expense increased 104% in 1999 to \$93.1 million from \$45.6 million in 1998. In 1998, depreciation expense increased 142% from \$18.9 million in 1997. The increase in both years was primarily due to placement in service of additional telecommunications network assets, including switches, fiber optic cable, and network electronics and related equipment. As we expand our networks and install additional switches and related equipment and other network technology, depreciation expense is expected to continue to increase. Amortization of intangible assets increased in 1998 over 1997 primarily as a result of the Start and Chadwick acquisitions in the fourth quarter of 1997.

In 1999, interest expense increased 96% to \$283.1 million from \$144.6 million in 1998. In 1998, interest expense increased 165% from \$54.5 million in 1997. The increase in both years was due to an increase in our average outstanding indebtedness. Interest expense will increase in future periods in conjunction with an increase in our average outstanding indebtedness. For more information, see "Liquidity and Capital Resources." A portion of interest costs is capitalized as part of the construction cost of our communications networks. Capitalized interest was \$9.9 million in 1999, \$4.3 million in 1998, and \$1.8 million in 1997.

Interest income increased 26% in 1999 to \$91 million from \$72.4 million in 1998. In 1998, interest income increased 157% from \$28.1 million in 1997. The increases in both years corresponded to the increase in our average cash and investment balances.

Liquidity and Capital Resources

Our business is capital-intensive and, as such, has required and will continue to require substantial capital investment. We build high capacity networks with broad market coverage, a strategy that initially increases our level of capital expenditures and operating losses and requires us to make a substantial portion of our capital investments before we realize any revenue from them. These capital expenditures, together with the associated early operating expenses, will continue to result in negative cash flow unless and until we are able to establish an adequate customer base. We believe, however, that over the long term this strategy will enhance our financial performance by increasing the traffic flow over our networks.

Capital Uses

During 1999, we used \$358.9 million in cash for operating activities, compared to \$174.5 million used in 1998 and \$97.3 million used in 1997. The increase was primarily due to a substantial increase in our activities associated with the continued development and expansion of switched local and long distance service operations. Accounts receivable increased 123% during 1999, primarily due to the increase in revenue in the same period. Increases in accounts payable and accrued liabilities were proportional with the increase in operating costs and selling, general, and administrative expenses. In addition, during 1999, we invested an additional \$1,127.1 million in property and equipment, and acquisitions of telecommunications assets, including a \$515.6 million investment in fixed wireless licenses.

During 1999, we acquired a number of licenses to broadband fixed wireless spectrum. We plan to use our fixed wireless licenses to extend the reach of our fiber networks and to connect additional customers directly to our fiber networks. Deploying the technologies associated with this strategy will require additional capital expenditures. The transactions completed included the following:

- In April 1999, we acquired WNP Communications, Inc. for \$698.2 million. Of this amount, we paid \$157.7 million to the FCC for license fees, including interest. We paid the remainder of the purchase price, consisting of \$190.1 million in cash and 11,431,662 shares of Class A common stock, to the stockholders of WNP. In this transaction, we acquired licenses for 1,150 MHz of local multi-point distribution services (LMDS) spectrum (A block LMDS licenses) in 39 cities and one license for 150 MHz of LMDS spectrum (B block LMDS license) in one city.

- In June 1999, we acquired from Nextel Communications Inc. (Nextel) its 50% interest in NEXTBAND, a joint venture we formed with Nextel in January 1998, for \$137.7 million in cash. NEXTBAND owns LMDS licenses in 42 markets throughout the U.S. The purchase price was determined based on a formula derived in conjunction with our acquisition of WNP.

In July 1998, we formed INTERNEXT L.L.C., which is currently beneficially owned 50% each by us and Eagle River Investments, LLC. INTERNEXT entered into an agreement with Level 3 Communications, Inc., which is constructing a fiber optic network that is expected to cover more than 16,000 route miles with six or more conduits and connect 50 cities in the United States and Canada. Pursuant to this agreement, INTERNEXT will receive an exclusive interest in 24 "dark" fibers in a shared, filled conduit, one empty conduit and the right to 25% of the fibers pulled through the sixth and any additional conduits in the network. INTERNEXT will pay \$700.0 million in exchange for these rights, the majority of which will be payable as segments of the network are completed and accepted, which is expected to occur substantially during 2000 and 2001. As of December 31 1999, INTERNEXT had paid \$47.6 million to Level 3 of which \$19.8 million was paid in 1999.

In January 2000, we entered into an agreement with Eagle River to purchase the 50% interest that we did not own of INTERNEXT. The purchase price for Eagle River's interest is approximately 3.4 million shares of the Class A common stock of the corporation surviving the Concentric acquisition. As a result of this acquisition, which is expected to be consummated in the second quarter of 2000, we will have complete control over this national broadband network.

We expect to make substantial capital expenditures in 2000 and beyond relating to our existing and planned network development and operations. These expenditures include:

- the purchase and installation of switches, routers, servers and other data-related equipment and related electronics in existing networks and in networks to be constructed or acquired in new or adjacent markets;
- the purchase and installation of fiber optic cable and electronics to expand existing networks and develop new networks, including the connection of new buildings;
- the development of our comprehensive information technology platform;
- the purchase and installation of equipment associated with the deployment of LMDS using our LMDS spectrum;
- funding of the commitments to build our national network, and related expenses we expect to incur in building our national network;
- the purchase and installation of equipment associated with deployment of DSL services; and
- the funding of operating losses and working capital.

Our strategic plan also calls for expansion into additional market areas. This expansion will require significant additional capital for:

- potential acquisitions of businesses or assets;
- design, development and construction of new networks; and
- the funding of operating losses and working capital during the start-up phase of each market.

In addition, our proposed acquisition of Concentric may result in additional capital uses. Specifically, under the terms of the indenture governing Concentric's 12¾% Senior Notes due 2007 and the terms of Concentric's 13½% Series B Senior Redeemable Exchangeable Preferred Stock, upon completion of the Concentric transaction we will be required to offer to repurchase those outstanding senior notes and shares of preferred stock at a purchase price equal to 101% of the principal amount of the senior notes and 101% of the liquidation preference of the shares of the preferred stock. As of December 31, 1999, the total principal amount of the Concentric senior notes and the liquidation preference of the shares of Concentric preferred

stock outstanding were approximately \$338.7 million. If we were required to utilize available cash to fund repurchase of all or a significant amount of Concentric's senior notes and preferred stock, it would reduce the amount of funds available to implement our business plan.

Based on the current and historical trading prices of Concentric's senior notes and preferred stock, we do not expect that the holders of these notes and preferred stock will tender them for repurchase. However, if there is a significant adverse change in the market for these securities or an adverse change with respect to either of us or Concentric, it is likely that some or all of the Concentric senior notes and preferred stock will be tendered in the repurchase offer.

Capital Resources

1999 Financing Activities. In November 1999, we sold \$400.0 million of 10½% Senior Notes and \$455.0 million in principal amount at stated maturity of 12½% Senior Discount Notes both due December 1, 2009. The transaction generated proceeds, net of discounts, commissions, advisory fees and expenses, totaling approximately \$639.6 million. Interest payments on the 10½% Notes are due semi-annually, beginning June 1, 2000. The 12½% Notes were issued at a discount from their principal amount to generate aggregate gross proceeds of approximately \$251.4 million. The 12½% Notes accrete at a rate of 12½% compounded semi-annually, to an aggregate principal amount of \$455.0 million by December 1, 2004. No cash interest will accrue on the 12½% Notes until December 1, 2004. Interest will become payable in cash semi-annually beginning June 1, 2005. We have the option to redeem both the 10½% Notes and the 12½% Notes, in whole or in part, beginning December 1, 2004 at established redemption prices that decline to 100% of the stated principal amount thereof by December 1, 2007.

In June 1999, we completed the sale of \$675.0 million of 10¾% Senior Notes and \$588.9 million in principal amount at stated maturity of 12¼% Senior Discount Notes, both due June 1, 2009. The transaction generated proceeds, net of discounts, underwriting commissions, advisory fees and expenses, totaling approximately \$979.5 million. Interest payments on the 10¾% Notes due 2009 are due semi-annually, beginning December 1, 1999. The 12¼% Notes were issued at a discount from their principal amount to generate aggregate gross proceeds of approximately \$325.0 million. The 12¼% Notes accrete at a rate of 12¼% compounded semi-annually, to an aggregate principal amount of approximately \$588.9 million by June 1, 2004. No cash interest will accrue on the 12¼% Notes until June 1, 2004. Interest will become payable in cash semi-annually beginning December 1, 2004. We have the option to redeem both the 10¾% Notes and the 12¼% Notes, in whole or in part, beginning June 1, 2004 at established redemption prices that decline to 100% of the stated principal amount thereof by June 1, 2007.

Our operating flexibility with respect to certain business matters is, and will continue to be, limited by covenants associated with our outstanding indebtedness and preferred stock. Among other things, these covenants limit our ability to incur additional indebtedness, create liens upon assets, apply the proceeds from the disposal of assets, make dividend payments and other distributions on capital stock and redeem capital stock.

We are required to use the proceeds from the sale of certain series of our senior notes solely to fund 80% of the expenditures for the construction, improvement and acquisition of new and existing networks and services and direct and indirect investments in certain joint ventures, by covenants in the indentures under which these and other of our notes were issued. We expect to fund the remainder of these costs with the proceeds of other offerings. These covenants may adversely affect our ability to finance our future operations or capital needs or to engage in other business activities that may be in our interest.

In June 1999, we completed the sale of 15,200,000 shares of Class A common stock at \$38.00 per share, 8,464,100 shares of which we offered and 6,735,900 shares of which were offered by certain stockholders that previously owned interests in WNP. Gross proceeds from the offering totaled \$321.6 million, and our proceeds, net of underwriting discounts, advisory fees and expenses, aggregated approximately \$310.5 million.

At December 31, 1999 we had \$150.6 million of comprehensive income generated from net unrealized holding gains and losses on our equity investments in marketable securities. These investments were classified

as available-for-sale in accordance with Statement Financial Accounting Standard 115, "Accounting For Certain Investments in Debt and Equity Securities." In the first quarter of 2000, we sold a portion of these investments realizing most of this gain, including the impact of subsequent changes in fair market value.

Secured Credit Facility. In February 2000, we entered into a \$1.0 billion Senior Secured Credit Facility with various lenders, and certain of our subsidiaries, as guarantors. The security for the facility consists of all of the assets purchased with the proceeds thereof, the stock of certain of our subsidiaries, all assets of NEXTLINK and, to the extent of \$125.0 million of guaranteed debt, all assets of certain of our subsidiaries. A portion of the facility is available to provide working capital and for other general corporate purposes with the remainder available to provide financing for the construction, acquisition or improvement of telecommunication assets. The facility consists of a \$387.5 million multi-draw term loan A, a \$225.0 million term loan B, and a \$387.5 million revolving credit facility. In addition, the facility may be increased by up to an additional \$1.0 billion under certain circumstances. At closing, we borrowed \$150.0 million of the term loan A and the entire \$225.0 million of the term loan B.

The revolving credit facility and the term loan A mature on December 31, 2006, and the term loan B matures on June 30, 2007. The maturity date for each of the facilities may be accelerated to October 31, 2005 unless we have refinanced our \$350.0 million 12½% Senior Notes by April 15, 2005. Amounts drawn under the revolving credit facility and the term loans are expected to bear interest, at our option, at the alternate base rate or reserve-adjusted London Interbank Offered Rate (LIBOR) plus, in each case, applicable margins.

Forstmann Little Investment. In December 1999, several Forstmann Little & Co. investment funds agreed to invest \$850.0 million in NEXTLINK, to be used to expand our networks and services, introduce new technologies and fund our business plan. The investment closed in January 2000. In the transaction, the investors acquired shares of two series of convertible preferred stock that together are convertible into Class A common stock at a conversion price of \$63.25 per share and provide for a 3.75% dividend payable quarterly. Under the agreement, the holders may convert the preferred stock into Class A common stock at any time after January 20, 2001, and we may redeem the preferred stock at any time after the later of January 20, 2005 and the date we have redeemed our 12½% Notes in full. The preferred stock is redeemable at the option of the holders during the 180-day period commencing January 20, 2010.

Liquidity Assessment

We believe that the net proceeds from the Forstmann Little investment together with the amounts borrowed and available under the secured credit facility, cash and marketable securities on hand and cash generated from operations, will provide sufficient funds for us to expand our business as planned and to fund operating losses until the latter half of 2001. However, the amount of future funding requirements will depend on a number of factors, including the success of our business, the dates at which we further expand our network, the types of services we offer, staffing levels, acquisitions and customer growth, as well as other factors that are not within our control, including the obligation to fund the repurchase offer obligation with respect to Concentric's senior notes and preferred shares that will be triggered upon completion of the Concentric transaction, competitive conditions, government regulatory developments and capital costs. In the event our plan or assumptions change or prove to be inaccurate, or available borrowings under the secured credit facility, cash and investments on hand and cash generated from operations prove to be insufficient to fund our growth in the manner and at the rate currently anticipated, we may be required to delay or abandon some or all of our development and expansion plans or we may be required to seek additional sources of financing earlier than currently anticipated. In the event we are required to seek additional financing, there can be no assurance that such financing will be available on acceptable terms or at all.

Impact of Year 2000

Prior to January 1, 2000, considerable concern was raised as to Year 2000 readiness of computer systems. The Year 2000 concerns arose because certain older computer systems and applications were written to define a given year with abbreviated dates using the last two digits in a year rather than the entire four digits. As a result, when computer systems attempt to process dates both before and after January 1, 2000, two digit year

fields may create processing ambiguities that can cause errors and system failures. For example, systems and applications may have time-sensitive software that recognize an abbreviated year "00" as the year 1900 rather than the year 2000. There was concern as to whether these errors or failures would have limited effects, or whether the effects would be widespread, depending on the computer chip, system, or software, and its location and function. We experienced no significant problems arising from the Year 2000 concerns and, to date, no year 2000-related claims have been made against us. We continue to monitor for date-related impacts.

State of Readiness

We had adopted a formal Year 2000 plan, the purpose of which was to develop and perform reasonable steps intended to prevent our critical operational functions from being impaired due to the Year 2000 problem. We engaged outside consultants to aid in formulating and implementing the plan. Prior to December 31, 1999 our assessments, which included testing and vendor confirmations, indicated that our major operational support systems, including our billing, order management, network management, and financial systems were Year 2000 ready.

Costs to Address Year 2000 Issues

We have not incurred material historical costs for Year 2000 awareness, inventory, assessment, analysis, conversion, or contingency planning. We currently do not anticipate any future costs for these purposes.

Year 2000 Risk Factors and Contingency Plans

In the unlikely event that a post Year 2000 date-related incident does occur, our contingency plans developed prior to December 31, 1999 would be implemented.

Item 7A. *Quantitative and Qualitative Disclosure About Market Risk*

We currently have instruments sensitive to market risks relating to exposure to changing interest rates. As disclosed in Notes 8 and 9 to the consolidated financial statements, we had \$3,733.3 million in fixed rate debt and \$612.3 million in fixed rate redeemable preferred stock as of December 31, 1999. We do not have significant cash flow exposure to changing interest rates on our long term debt and redeemable preferred stock because the interest rates are fixed. However, the estimated fair values of the fixed-rate debt and redeemable preferred stock are subject to market risk.

We also maintain an investment portfolio consisting of U.S. government and other securities with an average maturity of less than one year. These securities are classified as "available for sale". If interest rates were to increase or decrease immediately, it could have a material impact on the fair value of these financial instruments. However, changes in interest rates would not likely have a material impact on interest earned on our investment portfolio. We do not currently hedge these interest rate exposures. We have in the past hedged certain equity securities available-for-sale to reduce our risk of exposure to declines in the market price of such securities.

Presented below is an analysis of our financial instruments, as of December 31, 1999, that are sensitive to changes in interest rates. The model demonstrates the change in fair value of the instruments calculated for an

instantaneous parallel shift in interest rates, plus or minus 50 basis points (BPS), 100 BPS, and 150 BPS (in millions).

Interest Rate Risk	Valuation of Securities Given an Interest Rate Decrease of X Basis Points			No Change in Interest Rates	Valuation of Securities Given an Interest Rate Increase of X Basis Points		
	(150 BPS)	(100 BPS)	(50 BPS)		50 BPS	100 BPS	150 BPS
Financial Assets:							
Marketable securities	\$1,020	\$1,018	\$1,015	\$1,013	\$1,011	\$1,008	\$1,005
Financial Liabilities:							
Fixed rate debt	\$4,041	\$3,919	\$3,802	\$3,690	\$3,582	\$3,478	\$3,361

The sensitivity analysis provides only a limited, point-in-time view of the market risk sensitivity of certain of our financial instruments. The actual impact of market interest rate and price changes on the financial instruments may differ significantly from those shown in the sensitivity analysis.

Item 8. *Financial Statements and Supplementary Data*

Our consolidated financial statements are filed under this Item, beginning on page F-1 of this Report, and NEXTLINK Capital's balance sheet is filed under this Item, beginning on Page F-24 of this Report.

Item 9. *Changes in and Disagreements with Accountants on Accounting and Financial Disclosure*

None.

PART III

Item 10. *Directors and Executive Officers of the Registrant*

The information required herein regarding directors is incorporated herein by reference from the definitive Proxy Statement for NEXTLINK's 2000 Annual Meeting, which is scheduled to be filed on or before April 29, 2000, under the caption "Election of Directors". The information required herein regarding executive officers required is set forth in Part I hereof under the heading "Executive Officers of the Registrant", which information is incorporated herein by reference. The information required by this item regarding compliance with Section 16(a) of the Securities and Exchange Act of 1934 by NEXTLINK's directors and executive officers, and holders of ten percent of a registered class of NEXTLINK's equity securities is incorporated herein by reference from the definitive Proxy Statement for NEXTLINK's 2000 Annual Meeting which is scheduled to be filed on or before April 29, 2000, under the caption "Other Information-Section 16(a) Beneficial Ownership Reporting Compliance".

Item 11. *Executive Compensation*

The information required by this item regarding compensation of executive officers and directors is incorporated herein by reference from the definitive Proxy Statement for NEXTLINK's 2000 Annual Meeting, which is scheduled to be filed on or before April 29, 2000, under the captions "Director Compensation" and "Executive Compensation".

Item 12. *Security Ownership of Certain Beneficial Owners and Management*

The information required by this item is incorporated herein by reference from the definitive Proxy Statement for NEXTLINK's 2000 Annual Meeting, which is scheduled to be filed on or before April 29, 2000, under the caption "NEXTLINK Common Stock Ownership".

Item 13. *Certain Relationships and Related Transactions*

The information required by this item is incorporated herein by reference from the definitive Proxy Statement for NEXTLINK's 2000 Annual Meeting, which is scheduled to be filed on or before April 29, 2000, under the caption "Certain Relationships and Related Transactions."

PART IV

Item 14. *Exhibits, Financial Statement Schedules and Reports on Form 8-K.*

(a) 1. and 2. Financial Statements and Schedules:

Nextlink Communications, Inc.

Report of Independent Public Accountants	F-1
Consolidated Balance Sheets as of December 31, 1999 and 1998.....	F-2
Consolidated Statements of Operations for the Years Ended December 31, 1999, 1998 and 1997.....	F-3
Consolidated Statements of Shareholders' Equity (Deficit) for the Years Ended December 31, 1999, 1998 and 1997	F-4
Consolidated Statements of Cash Flows for the Years Ended December 31, 1999, 1998 and 1997.....	F-5
Notes to Consolidated Financial Statements	F-6

NEXTLINK Capital, Inc.

Report of Independent Public Accountants	F-24
Balance Sheets as of December 31, 1999 and 1998	F-25
Note to Balance Sheets	F-26

(3) List of Exhibits — Refer to Exhibit Index, which is incorporated herein by reference.

(b) Reports on Form 8-K:

(1) Current Report on Form 8-K dated November 17, 1999, reporting under Item 5 certain completed and proposed financings of NEXTLINK Communications, Inc.

(2) Current Report on Form 8-K dated December 7, 1999, reporting under Item 5 that NEXTLINK Communications, Inc. had entered into certain financing and other agreements.

(3) Current Report on Form 8-K dated January 11, 2000, reporting under Item 5 that NEXTLINK Communications, Inc. had entered into an Agreement and Plan of Merger and Share Exchange Agreement with Concentric Network Corporation and Eagle River Investments, L.L.C.

(4) Current Report on Form 8-K dated January 24, 2000, reporting under Item 5 the closing of the previously announced \$850 million investment by Forstmann Little & Co. in NEXTLINK Communications, Inc.

(5) Current Report on Form 8-K dated January 24, 2000, reporting under Item 5 certain details regarding the Concentric acquisition and the closing of the previously announced \$1 billion credit facility with various lenders, Goldman Sachs Credit Partners L.P., as syndication agent, Toronto Dominion (Texas), Inc., as administrative agent, Barclays Bank PLC, and The Chase Manhattan Bank, as co-documentation agents and Goldman Sachs Credit Partners L.P., and TD Securities (USA) Inc., as joint lead arrangers, and certain subsidiaries of NEXTLINK, as guarantors.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities and Exchange Act of 1934, the Registrants have duly caused this report to be signed on their behalf by their undersigned thereunto duly authorized.

NEXTLINK Communications, Inc.

Date: March 29, 2000

By: /s/ DANIEL F. AKERSON

Daniel F. Akerson
Chief Executive Officer
Chairman of the Board of Directors

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below on March 29, 2000 by the following persons on behalf of the Registrants and in the capacities indicated:

<u>Name</u>	<u>Title</u>
<u>/s/ DANIEL F. AKERSON</u> Daniel F. Akerson	Chief Executive Officer (Principal Executive Officer) Chairman of the Board of Directors
<u>/s/ MARK S. GUNNING</u> Mark S. Gunning	Senior Vice President, Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)
<u>/s/ JOSEPH L. COLE</u> Joseph L. Cole	Director
<u>/s/ NATHANIEL A. DAVIS</u> Nathaniel A. Davis	Director
<u>/s/ NICHOLAS C. FORSTMANN</u> Nicholas C. Forstmann	Director
<u>William A. Hoglund</u>	Director
<u>/s/ SANDRA J. HORBACH</u> Sandra J. Horbach	Director
<u>/s/ NICOLAS KAUSER</u> Nicolas Kauser	Director
<u>Craig O. McCaw</u>	Director

<u>Name</u>	<u>Title</u>
<u>/s/ SHARON L. NELSON</u> Sharon L. Nelson	Director
<u>/s/ JEFFREY S. RAIKES</u> Jeffrey S. Raikes	Director
<u>/s/ DENNIS M. WEIBLING</u> Dennis M. Weibling	Director

Pursuant to the requirements of Section 13 or 15(d) of the Securities and Exchange Act of 1934, the Registrants have duly caused this report to be signed on their behalf by their undersigned thereunto duly authorized.

NEXTLINK Capital, Inc.

Date: March 29, 2000

By: /s/ DANIEL F. AKERSON
Daniel F. Akerson
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below on March 29, 2000 by the following persons on behalf of the Registrants and in the capacities indicated:

<u>Name</u>	<u>Title</u>
<u>/s/ DANIEL F. AKERSON</u> Daniel F. Akerson	Chief Executive Officer (Principal Executive Officer)
<u>/s/ MARK S. GUNNING</u> Mark S. Gunning	Senior Vice President, Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)
<u>/s/ GARY D. BEGEMAN</u> Gary D. Begeman	Director

EXHIBIT INDEX

- 2.1 — Agreement and Plan of Merger and Share Exchange Agreement, dated January 9, 2000, by and among Concentric Network Corporation, NEXTLINK Communications, Inc., Eagle River Investments, L.L.C. and NM Acquisition Corp. (Incorporated herein by reference to exhibit 10.1 filed with the current report on Form 8-K filed on January 11, 2000)
- 3.1.1 — Certificate of Incorporation of NEXTLINK Communications, Inc. (Incorporated herein by reference to exhibit 3.1 filed with the Registration Statement on Form S-4 of NEXTLINK Communications, Inc. (Commission File No. 333-53975))
- 3.1.2 — Certificate of Amendment of Certificate of Incorporation of NEXTLINK Communications, Inc., dated August 25, 1999 (Incorporated herein by reference to exhibit 3.2 filed with the quarterly report on Form 10-Q for the quarterly period ended September 30, 1999 of NEXTLINK Communications, Inc. and NEXTLINK Capital, Inc.)
- 3.1.3 — Certificate of Designation of the Powers, Preferences and Relative, Participating, Optional and Other Special Rights of 14% Senior Exchangeable Redeemable Preferred Shares and Qualifications, Limitations and Restrictions Thereof (Incorporated herein by reference to the exhibit 4.2 filed with the Registration Statement on Form S-4 of NEXTLINK Communications, Inc. (Commission File No. 333-53975))
- 3.1.4 — Certificate of Designation of Powers, Preferences and Relative, Participating, Optional and Other Special Rights of 6½% Cumulative Convertible Preferred Stock and Qualifications, Limitations and Restrictions Thereof (Incorporated herein by reference to exhibit 4.8 filed with the Registration Statement on Form S-4 of NEXTLINK Communications, Inc. (Commission File No. 333-53975))
- 3.1.5 — Certificate of Designation of Powers, Preferences and Relative, Participating, Optional and Other Special Rights of Series C Cumulative Convertible Participating Preferred Stock and Qualifications, Limitations and Restrictions Thereof
- 3.1.6 — Certificate of Designation of the Powers, Preferences and Relative, Participating, Optional and Other Special Rights of Series D Convertible Participating Preferred Stock and Qualifications, Limitations and Restrictions Thereof
- 3.2 — By-laws of NEXTLINK Communications, Inc. (Incorporated herein by reference to exhibit 3.2 filed with the Registration Statement on Form S-4 of NEXTLINK Communications, Inc. (Commission File No. 333-53975))
- 3.3 — Articles of Incorporation of NEXTLINK Capital, Inc. (Incorporated herein by reference to exhibit 3.3 filed with the Registration Statement on Form S-4 of NEXTLINK Communications, L.L.C. (the predecessor of NEXTLINK Communications, Inc.) and NEXTLINK Capital, Inc. (Commission File No. 333-4603))
- 3.4 — By-laws of NEXTLINK Capital, Inc. (Incorporated herein by reference to exhibit 3.4 filed with the Registration Statement on Form S-4 of NEXTLINK Communications, L.L.C. (the predecessor of NEXTLINK Communications, Inc.) and NEXTLINK Capital, Inc. (Commission File No. 333-4603))
- 4.1.1 — Form of stock certificate of 14% Senior Exchangeable Redeemable Preferred Shares (Incorporated herein by reference to exhibit 4.4 filed with the Annual Report on Form 10-KSB for the year ended December 31, 1996 of NEXTLINK Communications, Inc. and NEXTLINK Capital, Inc.)
- 4.1.2 — Form of stock certificate of Class A common stock (Incorporated herein by reference to exhibit 4.4 filed with the Registration Statement on Form S-1 of NEXTLINK Communications, Inc. (Commission File No. 333-32001))
- 4.1.3 — Form of stock certificate of 6½% Cumulative Convertible Preferred Stock
- 4.1.4 — Form of stock certificate of Series C Cumulative Convertible Participating Preferred Stock
- 4.1.5 — Form of stock certificate of Series D Convertible Participating Preferred Stock

- 4.2.1 — Indenture, dated as of April 25, 1996, by and among NEXTLINK Communications, Inc., NEXTLINK Capital, Inc. and United States Trust Company of New York, as Trustee, relating to 12½% Senior Notes due April 15, 2006, including form of global note (Incorporated herein by reference to exhibit 4.1 filed with the Registration Statement on Form S-4 of NEXTLINK Communications, L.L.C. (the predecessor of NEXTLINK Communications, Inc.) and NEXTLINK Capital, Inc. (Commission File No. 333-4603))
- 4.2.2 — First Supplemental Indenture, dated as of January 31, 1997, by and among NEXTLINK Communications, Inc., NEXTLINK Communications, L.L.C., NEXTLINK Capital, Inc. and United States Trust Company of New York, as Trustee (Incorporated herein by reference to exhibit 4.6 filed with the Annual Report on Form 10-KSB for the year ended December 31, 1996 of NEXTLINK Communications, Inc. and NEXTLINK Capital, Inc.)
- 4.2.3 — Second Supplemental Indenture, dated June 3, 1998, amending Indenture dated April 25, 1996, by and among NEXTLINK Communications, Inc., NEXTLINK Capital, Inc. and United States Trust Company of New York, as Trustee (Incorporated herein by reference to exhibit 4.10 filed with the Registration Statement on Form S-4 of NEXTLINK Communications, Inc. (Commission File No. 333-53975))
- 4.3.1 — Indenture dated September 25, 1997 between United States Trust Company, as Trustee and NEXTLINK Communications, Inc., relating to the 9½% Senior Notes due 2007 (Incorporated herein by reference to exhibit 4.7 filed with the Registration Statement on Form S-3 of NEXTLINK Communications, Inc. (Commission File No. 333-77577))
- 4.3.2 — First Supplemental Indenture, dated June 3, 1998, amending Indenture dated September 25, 1997, by and between NEXTLINK Communications, Inc. and United States Trust Company of New York, as Trustee (Incorporated herein by reference to exhibit 4.11 filed with the Registration Statement on Form S-4 of NEXTLINK Communications, Inc. (Commission File No. 333-53975))
- 4.4.1 — Indenture, dated March 3, 1998, between United States Trust Company, as Trustee and NEXTLINK Communications, Inc., relating to the 9% Senior Notes due 2008 (Incorporated herein by reference to exhibit 4.7 filed with the Annual Report on Form 10-KSB for the year ended December 31, 1997 of NEXTLINK Communications, Inc. and NEXTLINK Capital, Inc.)
- 4.4.2 — First Supplemental Indenture, dated June 3, 1998, amending Indenture dated March 3, 1998, by and between NEXTLINK Communications, Inc. and United States Trust Company of New York, as Trustee (Incorporated herein by reference to exhibit 4.12 filed with the Registration Statement on Form S-4 of NEXTLINK Communications, Inc. (Commission File No. 333-53975))
- 4.5.1 — Indenture, dated April 1, 1998, between United States Trust Company, as Trustee and NEXTLINK Communications, Inc., relating to the 9.45% Senior Discount Notes due 2008 (Incorporated herein by reference to exhibit 4.9 filed with the quarterly report on Form 10-Q for the quarterly period ended March 31, 1998 of NEXTLINK Communications, Inc. and NEXTLINK Capital, Inc.)
- 4.5.2 — First Supplemental Indenture, dated June 3, 1998, amending Indenture dated April 1, 1998, by and between NEXTLINK Communications, Inc. and United States Trust Company of New York, as Trustee (Incorporated herein by reference to exhibit 4.13 filed with the Registration Statement on Form S-4 of NEXTLINK Communications, Inc. (Commission File No. 333-53975))
- 4.6 — Indenture, dated November 12, 1998, by and among NEXTLINK Communications, Inc. and United States Trust Company of New York, as trustee relating to the 10¼% Senior Notes due 2008 (Incorporated herein by reference to exhibit 4.1 filed with the Registration Statement on Form S-4 of NEXTLINK Communications, Inc. (Commission File No. 333-71749))

- 4.7 — Indenture, dated June 1, 1999, by and among NEXTLINK Communications, Inc. and United States Trust Company of New York, as Trustee, relating to the 10 $\frac{1}{4}$ % Senior Notes due 2009 (Incorporated herein by reference to exhibit 4.16 filed with the quarterly report on Form 10-Q for the quarterly period ended September 30, 1999 of NEXTLINK Communications, Inc. and NEXTLINK Capital, Inc.)
- 4.8 — Indenture, dated June 1, 1999, by and among NEXTLINK Communications Inc. and United States Trust Company of Texas, as Trustee, related to the 12 $\frac{1}{4}$ % Senior Discount Notes due 2009 (Incorporated herein by reference to exhibit 4.17 filed with the quarterly report on Form 10-Q for the quarterly period ended September 30, 1999 of NEXTLINK Communications, Inc. and NEXTLINK Capital, Inc.)
- 4.9 — Indenture, dated November 17, 1999, by and among NEXTLINK Communications, Inc. and United States Trust Company of New York, as Trustee, relating to the 10 $\frac{1}{2}$ % Senior Notes due 2009 (Incorporated herein by reference to exhibit 4.1(i) filed with the Registration Statement on Form S-4 of NEXTLINK Communications, Inc. (Commission File No. 333-30388))
- 4.10 — Indenture, dated November 17, 1999, by and among NEXTLINK Communications, Inc. and United States Trust Company of Texas, as Trustee, relating to the 12 $\frac{1}{2}$ % Senior Discount Notes due 2009 (Incorporated herein by reference to exhibit 4.1(ii) filed with the Registration Statement on Form S-4 of NEXTLINK Communications, Inc. (Commission File No. 333-30388))
- 10.1 — Stock Option Plan of NEXTLINK Communications, Inc. as amended
- 10.2 — Employee Stock Purchase Plan of NEXTLINK Communications, Inc. (Incorporated herein by reference to exhibit 10.2 filed with the Registration Statement on Form S-4 of NEXTLINK Communications, Inc. (Commission File No. 333-53975))
- 10.3 — NEXTLINK Communications, Inc. Change of Control Retention Bonus and Severance Pay Plan
- 10.4 — Registration Rights Agreement, dated as of January 15, 1997, between NEXTLINK Communications, Inc. and the signatories listed therein (Incorporated herein by reference to exhibit 10.4 filed with the Annual Report on Form 10-KSB for the year ended December 31, 1996 of NEXTLINK Communications, Inc. and NEXTLINK Capital, Inc.)
- 10.5 — Registration Rights Agreement, dated as of November 4, 1997, between NEXTLINK Communications, Inc. and Wendy P. McCaw
- 10.6 — Registration Right Agreement, dated as of June 30, 1999, between NEXTLINK Communications, Inc. and Craig O. McCaw
- 10.7 — Registration Rights Agreement dated as of January 20, 2000, between NEXTLINK Communications, Inc. and the purchasers listed on the signature pages thereto, relating to Class A common stock issuable upon conversion of Series C and D convertible preferred stock
- 10.8 — Registration Rights Agreement, dated January 14, 1999, between NEXTLINK Communications, Inc. and the Holders referred to therein. (Incorporated herein by reference to exhibit 10.2 filed with the current report on Form 8-K filed on January 19, 1999)
- 10.9 — Employment Agreement, effective September 21, 1999, by and between Daniel Akerson and NEXTLINK Communications, Inc. (Incorporated herein by reference to exhibit 10.11 filed with the quarterly report on Form 10-Q for the quarterly period ended September 30, 1999 of NEXTLINK Communications, Inc. and NEXTLINK Capital, Inc.)
- 10.10 — Letter agreement, dated June 9, 1998, between NEXTLINK Communications, Inc. and Jan Loichle
- 10.11 — Employment Agreement, dated as of January 3, 2000, by and between Nathaniel A. Davis and NEXTLINK Communications, Inc.
- 10.12 — Fiber Lease and Innerduct Use Agreement, dated February 23, 1998, by and between NEXTLINK Communications, Inc. and Metromedia Fiber Network, Inc. (Incorporated herein by reference to exhibit 10.5 filed with the Annual Report on Form 10-KSB for the year ended December 31, 1997 of NEXTLINK Communications, Inc. and NEXTLINK Capital, Inc.)

- 10.13 — Amendment No. 1 to Fiber Lease and Innerduct Use Agreement, dated March 4, 1998, by and between NEXTLINK Communications, Inc. and Metromedia Fiber Network, Inc. (Incorporated herein by reference to exhibit 10.6 filed with the Annual Report on Form 10-KSB for the year ended December 31, 1997 of NEXTLINK Communications, Inc. and NEXTLINK Capital, Inc.)
- 10.14 — Cost sharing and IRU Agreement, dated July 18, 1998, between Level 3 Communications, LLC and INTERNEXT LLC. (Incorporated herein by reference to exhibit 10.8 filed with the quarterly report on Form 10-Q for the quarterly period ended September 30, 1998 of NEXTLINK Communications, Inc. and NEXTLINK Capital, Inc.)
- 10.15 — Guaranty Agreement, dated July 18, 1998, between NEXTLINK Communications, Inc. and Level 3 Communications, LLC. (Incorporated herein by reference to exhibit 10.7 filed with the quarterly report on Form 10-Q for the quarterly period ended September 30, 1998 of NEXTLINK Communications, Inc. and NEXTLINK Capital, Inc.)
- 10.16 — Credit and Guaranty Agreement, dated as of February 3, 2000, among NEXTLINK Communications, Inc., certain subsidiaries of NEXTLINK Communications, Inc., as guarantors, various lenders, Goldman Sachs Credit Partners L.P., as syndication agent, Toronto Dominion (Texas), Inc., as administrative agent, Barclays Bank PLC, and The Chase Manhattan Bank, as co-documentation agents and Goldman Sachs Credit Partners L.P., and TD Securities (USA) Inc., as joint lead arrangers (Incorporated herein by reference to exhibit 10.1 filed with the current report on Form 8-K filed on February 16, 2000)
- 21 — Subsidiaries of the Registrant
- 23 — Consent of Independent Public Accountants
- 27 — Financial Data Schedule